

Initial Foundational Assumptions

- 1) Sale of the network will be the transfer of ownership of all physical assets listed in the RFP.
 - I. Fiber strand
 - II. Switches, optics and electronics
 - III. Other as stipulated in RFP

Note: Office equipment, current colocation space, Rights of Way (ROW), and state office space DO NOT constitute a transferable asset.
- 2) Sale of the network will include the transfer of liability of all contracts related to the delivery of vendor provided connections listed in the RFP (unless contracts stipulate they cannot be transferred).
 - I. Maintenance contract with Paetec (or current network operator)
 - II. Carrier circuit monthly billing
 - III. Fiber IRU's
 - IV. Maintenance contracts of equipment
 - V. Prepaid user circuits
 - VI. Local telephone company providers' part 3 circuits
 - VII. Other as stipulated in RFP
- 3) All assets, contracts, colocations, and ROW listed in the RFP will be represented and documented by the ICN ***without independent audit***. Buyer / seller verifications and independent audits, as deemed necessary, will occur post offer as a component of contract finalization.
- 4) Lease of the network will be defined as the rental of all physical assets listed in the RFP. The State of Iowa will remain the owner of those physical assets. Under a lease scenario, the State of Iowa will remain responsible for all contracts and expenses related to carrier circuits, fiber IRUs and network maintenance. The state will continue to incur all costs related to any contracts currently in place including all costs, related to collocation and Rights of Way (ROW) expense.
- 5) All potential buyers / lessees will be required to meet pre-qualification requirements stated in the bid process.

- 6) To protect any proprietary information all potential buyers / lessees will be required to enter into a Non Disclosure Agreement to the extent allowable by Iowa law.
- 7) To protect proprietary information the seller shall enter into a Non Disclosure Agreement with all bid respondents to the extent allowable by Iowa law.
- 8) The initial term of a lease will be 5 years from contract closure with two (2) 5 year renewals at the option of the lessee.
- 9) A CPI increase will be applied to all operational expenses related to underlying costs that must be maintained by the lessor in the case of renewal (i.e. the State of Iowa).
- 10) Lessee must provide written notice 12 months in advance of intention to renew or not renew lease renewal option.
- 11) A lease of the network assets will require the State of Iowa to maintain some of the personnel functions currently being performed by the ICN during the lease period. These costs would be reflected in the calculation of the lease payment deemed acceptable by the *lessor*. The RFP will indicate which network related costs would need to be maintained by the state.
- 12) The legislation requires the new buyer / lessee to provide continued service of existing authorized users with specific products at specific price points. To ensure a transition with minimal user impact, *ICN operational staff existing at the time of bid acceptance will remain in place for a minimum period of 12 months from closure date and transfer. This period of time may be extended upon mutual agreement.* These costs will be factored into a sale or lease cost.
- 13) The buyer or lessee of the ICN will be allowed to use the network to serve only existing authorized users. ICN assets will remain a closed or restricted access network for a new buyer / lessee. It is assumed H.F. 45 – Sec. 8 does not nullify the current statute restricting the ICN to “currently defined” authorized users.

***Please note that this assumption is not legally accurate. Please refer to assumptions 32 and 33.*

- 14) Any new buyer or lessee of the ICN must continue to provide all products in use as of bid closing at a “lower overall long-term cost”.

- 15) Authorized users will consist of all entities falling under the current statutory definition irrespective of if those authorized users are current active customers of the ICN. An authorized user list will be identified in the RFP.
- 16) The period of time that “lower overall long-term cost” must be maintained will be for a period of 5 years for all currently provided services, with the exception of the Capitol Complex telephone system, from the contractual finalization of a sale or lease.
- 17) “Lower overall long-term cost” will be defined in the RFP as 1% or greater lower than the current product cost as identified in the price list stated in the RFP.
- 18) “Lower overall long-term cost” must also include the annualized maintenance cost as incurred by the State of Iowa through Infrastructure Appropriations averaged over the last three-year period less the amount of dollars used for the one-time expense of upgrading the Capitol Complex telephone system.
- 19) A lessee will receive a Service Level Agreement (SLA) that clearly indicates which network functions will be maintained on an ongoing basis by the lessor.
- 20) The ICN has current service standards that are agreed to with both government and non-government users of the network. These will be stated in the RFP. The buyer / lessee must continue to meet the same level of response and service restoration timeframes stated in these agreements.
- 21) The management of the Capitol Complex Phone system and all connected devices will remain within the administrative function of the State of Iowa.
- 22) The buyer / lessee will receive all new and existing operational revenue generated by users from date of sale closure forward.
- 23) A new buyer / lessee may turn off service due to nonpayment.
- 24) A buyer will incur all operational expenses related to new (added) network components and maintenance from the date of sale closure forward.
- 25) All buyers responding to the RFP must be prepared to reach acceptable terms for collocation, power, secure space, etc. with all collocation space owners currently housing ICN equipment, circuits or fiber (only some of which may be State agencies). It is assumed that if acceptable collocation terms cannot be reached with existing collocation space owners that alternate space (and subsequent related costs associated with moving into new space) will be at the buyer’s expense.

- 26) A buyer will be required to demonstrate the ability to secure adequate collocation agreements in such a manner as to provide seamless delivery of existing services prior to closing.
- 27) For the purposes of RFP documentation all information will be listed with an “effective as of” date as close as is practical to RFP release.
- 28) The RFP process will be run in parallel to the normal course of business at the ICN. No changes to current day-to-day business or future business planning will occur as a function of the ongoing RFP for sale or lease of the network.
- 29) The ICN is currently engaged in the support of the FCC (RHCPP) and is directly involved in an ARRA project (BTOP). Any buyer / lessee of the ICN must comply with all requirements of these federal programs as stated in the RFP.

**Assumption to be modified.*

Newly Submitted Assumptions:

- 30) Guaranteed amount of bandwidth for public safety in all cases. Especially during emergencies.
 - Sergeant Tom Lampe, *Iowa Department of Public Safety***Assumption to be modified*
- 31) Criteria will be established by the state and listed in the RFP for purposes of reviewing bids to purchase or lease the ICN. The historical capital cost of building the ICN will be used as one of the criteria to evaluate bids to purchase the ICN network.
 - Art Spies, *Iowa Hospital Association*
- 32) In the event of a sale, ICN services will no longer be restricted to authorized users as defined under Chapter 7 of the ITTC Administrative Rules. Following a sale, the ICN would become an open network.
 - Rob Smith, *Fiberutilities Group*
- 33) In the event the ICN is leased, current law requires that ICN services will remain restricted to authorized users as defined under Chapter 7 of the ITTC Administrative Rules.
 - Rob Smith, *Fiberutilities Group*
- 34) A buyer of the ICN must have and maintain common carrier status, *in good standing*, as defined by the Telecommunications Act of 1996 and be qualified to provide services through E-Rate funding under the Universal Service Fund.

35) The ICN, as a State of Iowa agency, pays no property or income tax as a part of the operation of the network. It is assumed that a buyer of the network would pay both property and income taxes as defined in municipal, county, state, or federal code. A lessee would not be responsible for property taxes as the State of Iowa would maintain ownership. The lessee would, however, be responsible for all appropriate income taxes from revenues earned.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

36) In the event of a sale or lease of the network, costs for Internet services to PK-12 will be protected on a long-term basis. The need for bandwidth by school districts and non-public schools will increase rapidly with the increase in innovation throughout the state, including online learning and the 1 to 1 school initiatives.

- Gwen Nagel, *Iowa Department of Education*

37) If the United States Department of Defense requires that the ICN hub be moved from the Joint Forces Headquarters (JFHQ) facility, the expense of this relocation is to be incurred by the buyer/lessee.

-Dave Lingren, *Iowa Telecommunications and Technology Commission*

38) The ICN currently utilizes and has access to non-tangible assets like the State of Iowa, Department of Administrative Services' I3 billing and procurement system. It is assumed that if the operation of the ICN is by a non-State of Iowa entity and they are not allowed to utilize and access these systems, the replication of the functions these systems provide will be at the buyer/lessee's expense.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

39) Any buyer/lessee of the ICN must be approved by the National Telecommunications and Information Administration to assume the responsibilities related to the ARRA BTOP grant.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

40) Currently, the Department of Education receives \$2.72 million in annual appropriation from the legislature to assist in the reduction of the cost for K-12 schools to purchase services delivered across Part III facilities from local telephone companies. The ICN manages the delivery of these services and provides "pass through" billing on behalf of the schools. It is assumed that the legislature would continue this appropriation in order to allow the buyer/lessee to meet the requirement of providing services at a lower cost than the ICN does today without raising the amount the individual schools would have to pay.

- Dave Lingren, *Iowa Telecommunications and Technology Commission*

41) In regards to Interoperability and the Statewide Interoperability Board, the ICN network (a critical piece of Interoperability) must be available to the Iowa Statewide Interoperability Communications System Board. The private, secure, and dedicated bandwidth of the ICN must remain in order for the network to provide primary and backup connectivity for the Statewide Interoperability as needed and determined by the Board.

-Sergeant Tom Lampe, *Iowa Department of Public Safety*